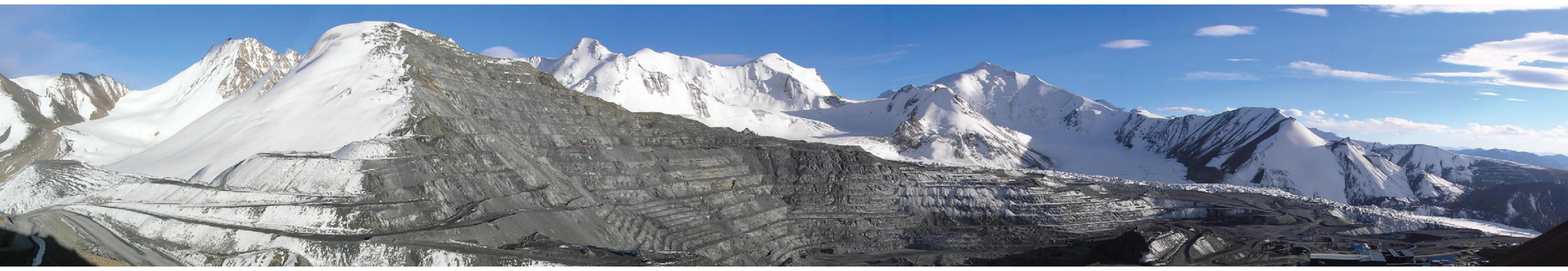

bakersteel resourcestrust

BAKER STEEL RESOURCES TRUST LIMITED

Annual Report and Audited Financial Statements

For the year ending 31 December 2012

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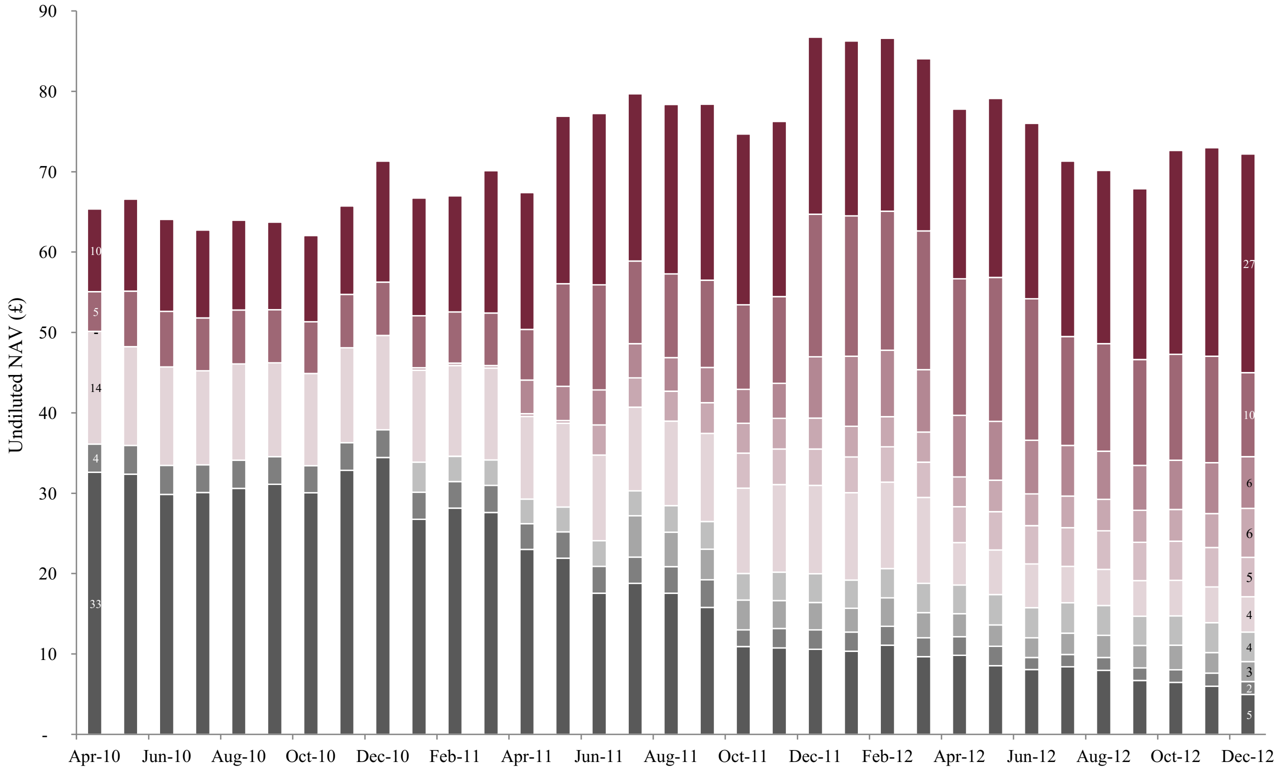
MISSION STATEMENT

To seek growth over the long term through a focused global portfolio of natural resources companies, investing predominantly in attractively valued private companies with strong development projects and focused management.

Progression of Undiluted Net Asset Value



Largest Investments at 31/12/2012

- Ivanplats (£27m)
- Gobi (£10m)
- China Polymetallic Mining (£6m)
- Bilboes (£6m)
- Black Pearl (£5m)
- Ferrous (£4m)
- Polar Silver (£4m)
- Metals Exploration (£3m)
- Net Cash & Other Investments (£5m)

INVESTMENT OBJECTIVES AND POLICIES

Investment objective

Baker Steel Resources Trust Limited's (the "Company") investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company will invest predominantly in unlisted companies (i.e. those companies that have not yet made an initial public offering or "IPO") but also in listed securities (including special situations opportunities and less liquid securities) with a view to exploiting value inherent in market inefficiencies and pricing anomalies.

Investment policy

The core of the Company's strategy is to invest in natural resources companies, predominantly unlisted, that the Investment Manager considers to be undervalued and have strong fundamentals and attractive growth prospects. Natural resources companies, for the purposes of the investment policy, are those involved in the exploration for and production of base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial minerals, energy and uranium and include single-asset as well as diversified natural resources companies.

It is intended that unlisted investments be realised through an IPO, trade sale, management repurchase or other methods.

The Company will focus primarily on making investments in companies with producing and/or tangible assets such as resources and reserves that have been verified under internationally recognised standards for reporting, such as those of the Australasian Joint Ore Reserves Committee. The Company may also invest from time to time in exploration companies whose activities are speculative by nature.

The Company has flexibility to invest in a wide range of investments in addition to unlisted and listed equities and equity-related securities, including but not limited to commodities, convertible bonds, debt securities, royalties, options, warrants and futures. Derivatives may be used for efficient portfolio management, hedging and for the purposes of obtaining investment exposure. The Company may also have exposure from time to time to other companies within the wider resources and materials sector, including services companies, transport and infrastructure companies, utilities and downstream processing companies.

The Company may take legal or management control of a company from time to time. The Company may invest in other investment funds or vehicles, including any managed by the Manager or Investment Manager, where such investment would be complementary to the Company's investment objective and policy.

There are no fixed limits on the allocation between unlisted and listed equities or equity-related securities and cash although, as a guideline, typically the Investment Manager will aim for the Company to be invested over the long-term as follows:

- between 40 and 100 per cent of the value of its gross assets in unlisted equities or equity-related securities;
- up to 50 per cent of the value of its gross assets in listed equities or equity-related securities;
- up to 10 per cent of the value of its gross assets in cash or cash-like holdings; and
- typically in 10 to 15 core positions to provide adequate diversification whilst retaining a focused core approach. Core positions will typically be between 5 per cent and 15 per cent of net asset value ("NAV") as at the date of acquisition.

The actual percentage of the Company's gross assets invested in listed and unlisted equities and equity-related securities and cash and cash-like holdings and the number of positions held may fall outside these ranges from time to time. For example, listed securities might exceed the above guideline following a significant number of IPOs or in certain market conditions and likewise cash balances may exceed the above guideline following the realisation of one or more investments or following the issue of new equity in the Company, pending investment of the proceeds.

The investment policy has the following limits:

- Save in respect of cash and cash-like holdings awaiting investment, the Company will invest or lend no more than 20 per cent in aggregate of the value of its gross assets in or to any one particular company or group of companies, as at the date of the relevant transaction.
- No more than 10 per cent in aggregate of the value of the gross assets of the Company may be invested in other listed closed-ended investment funds, except for those which themselves have stated investment strategies to invest no more than 15 per cent of their gross assets in other listed closed-ended investment funds.

INVESTMENT OBJECTIVES AND POLICIES (CONTINUED)

Investment policy (continued)

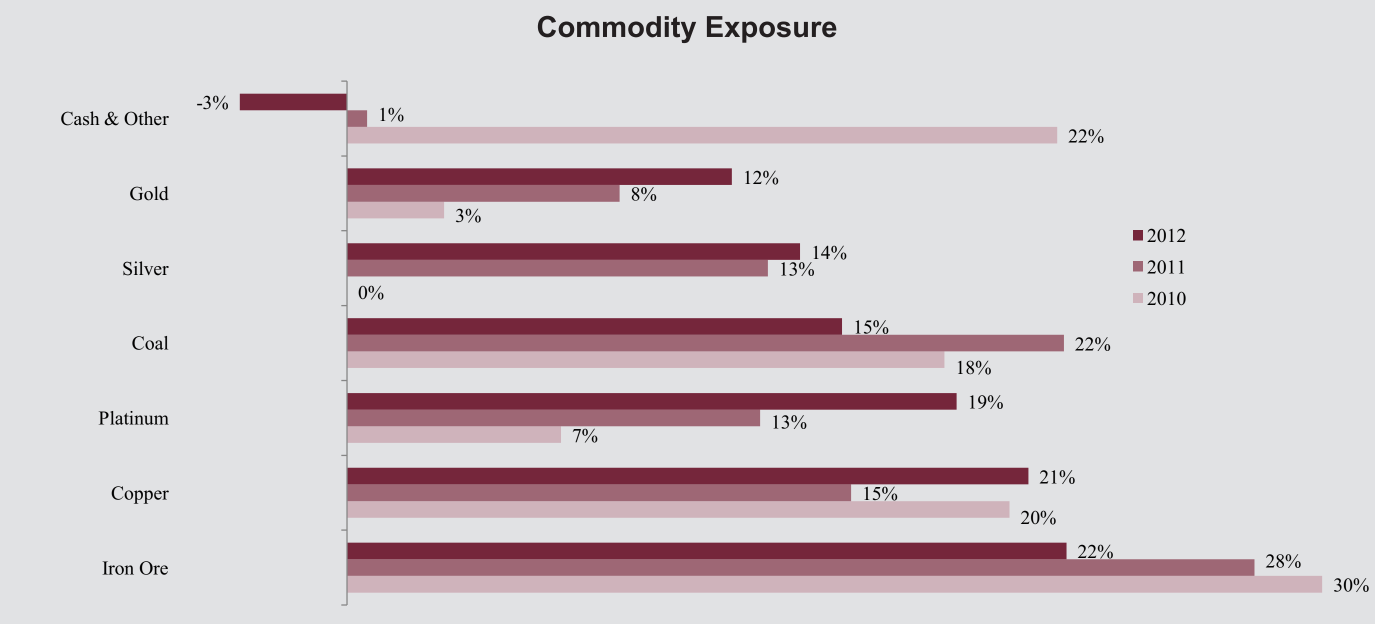
Where derivatives are used for investment exposure, these limits will be applied in respect of the investment exposures so obtained.

The Company will avoid (a) cross-financing between the businesses forming part of its investment portfolio and (b) the operation of common treasury functions between it and the investee companies.

When deemed appropriate, the Company may borrow up to 10 per cent of NAV for temporary purposes such as settlement mis-matches. Borrowings will not however be incurred for the purposes of any Share repurchases.

The Investment Manager will not normally hedge the exposure of the Company to currency fluctuations.

Any material change in the investment objective, investment policy or borrowing policy will only be made with the prior approval of holders of Ordinary Shares by Ordinary Resolution.



Source: Baker Steel internal. Data at 31 December.

CHAIRMAN'S STATEMENT
For the year ended 31 December 2012

I am pleased to present the Company's third annual report. 2012 was a difficult year for the Company like many other resource sector investment companies, with the NAV falling 16.9%. The Company seeks performance primarily from the uplift in value through monetisation via an Initial Public Offering ("IPO"). Since its admission to listing on 28 April 2010, the IPO market has effectively been closed. This has not only resulted in a drag on performance but has limited cash available for reinvestment in new opportunities. Despite this, since 30 April 2010, the date of the Company's first NAV, the undiluted NAV per share has increased by 11.4% (to 31/12/2012) compared to a broader market as represented by the HSBC Global Mining Index which has fallen by 16.2%.

One company which bucked the trend was Ivanplats, having successfully completed an IPO and listing on the Toronto Stock Exchange ("TSX") in October 2012, raising approximately C$300 million. However it took a company with first class projects in three separate commodities and the investor following of Ivanplats' founder Robert Friedland to achieve this.

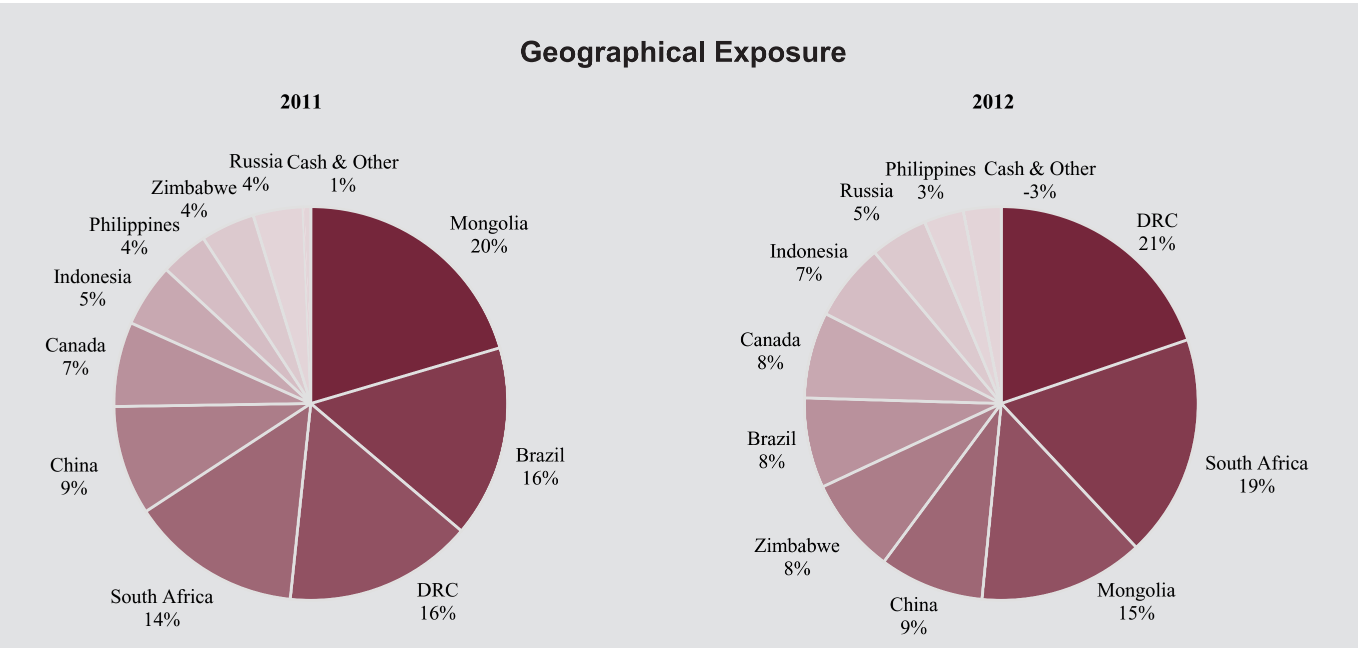
At the year end, the Company was fully invested, holding 16 investments of which the top 10 holdings comprised 96.5% by value of the portfolio. Despite this strong focus on high conviction investments, in line with the Company's investment objective, the Investment Manager has established a diversified portfolio of commodities concentrating on the large markets of iron ore, coal, copper, platinum group metals, nickel, silver and gold and eschewing the more exotic speciality metals where markets can often become distorted.

Inevitably, mining projects are often found in emerging countries which carry a higher political risk. The Board has therefore focussed also on ensuring that the Company's portfolio has geographic diversity and its investments are currently in Democratic Republic of Congo, South Africa, Mongolia, China, Brazil, Zimbabwe, Canada, Indonesia, Russia, and the Philippines. One risk that has become more prevalent in recent years is that of "resource nationalism" and, all too often, creeping nationalisation whereby governments are seeking a greater slice of the "mining pie" be it from royalties or direct stakes. It must be hoped that governments, both in emerging nations such as Mongolia or more established ones such as Australia, will come to realise that in a world where investors are increasingly risk averse, erecting barriers such as this will prove counter-productive to the development of their mineral industries with the employment, foreign exchange and taxes that they bring.

I would again like to thank all our shareholders for their continuing support of the Company and am confident that their patience will bear fruit once the market for mining IPOs recovers.

Howard Myles
Chairman

19 April 2013



INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2012

Financial Performance

The audited undiluted Net Asset Value per ordinary share as at 31 December 2012 was 109.1 pence, a decrease of 16.9% in the year and an increase of 11.4% from the Company's first net asset value ("NAV") calculated on 30 April 2010. During the year the HSBC Global Mining Index was down 4.6% (down 16.2% since 30 April 2010).

For the purpose of calculating the net asset value per share, unquoted investments are carried at fair value as at 31 December 2012 as determined by the Directors and quoted investments are carried at last quoted price as at 31 December 2012.

Net assets at 31 December 2012 comprised the following:

	£m	% net assets
Unquoted Investments	37.2	51.5
Quoted Investments	38.2	52.9
Net Cash Equivalents and Accruals	(3.2)	(4.4)
	72.2	100.0

Investment Update

Largest 10 Investments – 31 December 2012	
Ivanplats Limited*	37.7%
Gobi Coal & Energy Limited	14.5%
China Polymetallic Mining Limited	9.0%
Bilboes Gold Limited	8.4%
Ironstone Resources Limited	7.5%
Black Pearl Limited Partnership	6.8%
Ferrous Resources Limited	6.1%
Polar Silver Resources Ltd/Argentum	5.1%
Metals Exploration plc	3.5%
Copperbelt Minerals Limited	2.2%
Other Investments	3.6%
Net Cash, Equivalents and Accruals	(4.4%)

Largest 10 Investments – 31 December 2011	
Ivanplats Limited*	25.6%
Gobi Coal & Energy Limited*	20.6%
Ferrous Resources Limited	12.8%
China Polymetallic Mining Limited	8.9%
Ironstone Resources Limited	6.1%
Black Pearl Limited Partnership	5.2%
Bilboes Holdings (Pvt) Limited	4.5%
Polar Silver Resources Ltd/Argentum	4.1%
Metals Exploration plc	4.0%
South American Ferro Metals Limited	3.1%
Other Investments	5.9%
Net Cash, Equivalents and Accruals	(0.8%)

** represented less than 20% in aggregate of the value of gross assets as at the date of the last relevant acquisition*

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2012

Investment Update

At the beginning of the year, the Company was fully invested and the lack of a meaningful re-opening of the Initial Public Offering ("IPO") market meant that there were no significant realisations or new investments made during the year. The Investment Manager's efforts were therefore concentrated on husbanding the existing core portfolio.

Good progress was made on a number of the Company's investments, in particular Ivanplats, the Company's largest position. Despite a market which was generally unreceptive to new issues, Ivanplats successfully completed an IPO and listing on the Toronto Stock Exchange ("TSX") in October 2012, raising approximately C$300 million. As part of the IPO arrangements, a phased lock-up of up to 39 months was imposed on all shareholders prior to the IPO and accordingly the Company has decided to carry its Ivanplats position at a 10% discount to the market price on the TSX. At 31 December 2012, the carrying value of Ivanplats comprised 37.7% of the Company's NAV, representing a 23.6% uplift on the year and a 141% unrealised return on the Company's investment.

Since the year end Ivanplats has announced significant resource upgrades to its two main projects, the Kamoa copper project in the Democratic Republic of Congo and the Platreef platinum/palladium/nickel/copper project in South Africa. The revised resource totalling 24.1 million tonnes of contained copper already puts Kamoa amongst the top copper discoveries ever made with considerable scope for this to be expanded further. The revised resource containing 79 million ounces of 4PE (platinum, palladium, gold and rhodium) more than doubled the previously declared resource at Platreef. The key to the Platreef project is that its average true thickness of 24 metres and the flat lying geometry of the reef compares to around the more common 1 metre thick dipping reefs currently being mined in South Africa. As a result Ivanplats will be able to employ mechanised mining techniques rather than the highly labour intensive methods required for the thin reef mines which make up the majority of the platinum mines in South Africa and thereby could largely avoid the labour disputes which appear to be an increasing problem to operations in South Africa. Kamoa and Platreef together with its third project, the Kipushi lead zinc mine, gives Ivanplats three tier 1 projects and a strong foundation to become a major mining company.

Although Gobi Coal & Energy ("Gobi") commenced development of its Shinejinst coking coal project in Mongolia in early 2012, a significant fall in the price of coal paid by Chinese buyers at the border led Gobi to suspend development mid year. Market sentiment towards Mongolian companies has fallen sharply as a result of "resource nationalism" rhetoric which was prevalent around the time of the parliamentary elections in 2012. This sentiment is unlikely to improve in 2013 with mid year presidential elections in Mongolia, and an IPO for Gobi is therefore likely to be postponed until at least 2014. The Company decided to mark down its carrying value of Gobi in line with listed shares with Mongolian coal projects.

Bilboes Gold Ltd made excellent progress during 2012, increasing contained gold in sulphide resources at its Isabella/McCays/Bubi gold complex from 534,000 ounces to 3,964,000 ounces of gold. Since year end Bilboes has raised equity of US$10 million from a new investor which will be used to complete a definitive feasibility study on a mine producing 100,000 to 200,000 ounces per annum, initially from open pit. Following this new investment Bilboes remains over 51% owned by indigenous Zimbabweans and accordingly is in full compliance with local indigenisation laws. In addition, towards the end of 2012, Bilboes raised US$7 million through a loan from Industrial Development Bank of South Africa. This is being utilised to bring back into production the previously producing oxide heap leach operations which are planned to be producing at the rate of 12,000 ounces per annum by the end of 2013.

Operational progress was also made at two of the Company's listed investments during the year: China Polymetallic Mining ("CPM") and South American Ferro Metals ("SAFM"). CPM achieved its full targeted production rate for its first mine, the Shizishan lead-zinc-silver mine in China, as did SAFM at its Ponto Verde iron ore project in Brazil. Both these companies are now scheduled to produce strong cashflows in 2013.

Ferrous Resources ("Ferrous") also made good operational progress under its new management team, achieving budgeted production of 3 million tonnes of iron ore during the year and it remains confident that this will increase to 5 million tonnes in 2013. It also received licences to increase production to 25 million tonnes per annum. Despite this, Ferrous continues to be held back by the volatility of its shareholder list with several shareholders appearing to be forced sellers during the year. The Company decided to write down its carrying value of Ferrous following significant trading on the "grey market". Until a firm base of shareholders committed to developing the company's project can be forged, it will be difficult for Ferrous' management to achieve its ambitions for its high quality projects.

In August 2012 Copperbelt Minerals signed a conditional Settlement Agreement with its joint venture partner Gécamines whereby Copperbelt would exit its Deziwa copper joint venture in the Democratic Republic of Congo. This transaction closed in January 2013 and Copperbelt has returned the majority of the capital received from the sale to shareholders through a share buyback, representing a 100% uplift on the Company's carrying value at December 2012. The transaction was therefore reflected in the published unaudited NAV at 31 January 2013.

Further details of each of these investments and the Company's other significant holdings are provided below.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2012

Description of Largest Investments

Ivanplats Limited *("Ivanplats")*

Ivanplats is a company listed on the Toronto Stock Exchange which holds the Kamoa copper project (95% owned) and Kipushi zinc mine (68% owned) both in the Democratic Republic of Congo ("DRC") and the Platreef nickel, platinum, palladium, copper and gold project (90% owned) in South Africa.

The Kamoa Project is located in the Kolwezi District of Katanga Province, approximately 25 kilometres west of the town of Kolwezi, the DRC's copper mining hub. A revised Canadian National Instrument 43-101 ("NI 43-101") compliant report by independent technical consultants AMEC was announced in January 2013. Indicated Mineral Resources were estimated at 739 million tonnes grading 2.67% copper containing 19.7 million tonnes of copper. The revised resource statement also included 4.4 million tonnes of copper in Inferred Mineral Resources so that the combined contained copper of 24.1 million tonnes establishes Kamoa as the largest high-grade copper discovery in Africa and one of the largest in the world. Ivanplats intends to use the new resource estimate as the basis for an updated Preliminary Economic Assessment to be released later in the first half of 2013.

The Platreef Project is on the Northern Limb of the PGM-bearing Bushveld Complex, north of the town of Mokopane and approximately 280 kilometres northeast of Johannesburg. A revised NI 43-101 compliant report by independent technical consultants AMEC, was announced in February 2013. Indicated Mineral Resources were estimated at 223 million tonnes grading 4.1 grams per tonne (g/t) 4PE (platinum, palladium, gold and rhodium), 0.34% nickel and 0.16% copper, at a 2.0 g/t 4PE cut-off grade and at a cumulative, average true thickness of 24.3 metres. In addition, the estimate includes Inferred Mineral Resources of 410 million tonnes grading 3.3 g/t 4PE, 0.32% nickel and 0.18% copper, at an average true thickness of 18.0 metres. The combined Indicated and Inferred resources contain 73.2 million ounces of 4PE.

The previously producing Kipushi zinc/polymetallic mine in the DRC was acquired by Ivanplats in late 2011. From 1925-1993, Kipushi produced 60 million tonnes of ore at 11% zinc and 7% copper. It also produced 12,673 tonnes of lead and approximately 278 tonnes of germanium between 1956 and 1978. The shaft is planned to be dewatered by mid 2013 prior to the commencement of underground drilling to define the mineral resources to NI 43-101 standards.

Gobi Coal & Energy Limited *("Gobi")*

Gobi is an emerging coking coal producer based in Mongolia. Gobi Coal owns 100% of three open cut coal development projects in south western Mongolia. The Company's projects contain approximately 322 million tonnes of Joint Ore Resource Committee ("JORC") resources and include more than 500,000 hectares of tenements.

Gobi's first project, Shinejinst, contains approximately 95 million tonnes of JORC reserves and 229 million tonnes of JORC resources and it has completed site works in anticipation of the start of production which will depend on a recovery of the price of coking coal delivered to the Mongolian/Chinese border. At full production, Shinejinst is planned to produce approximately 5 million tonnes per annum of high quality, semi-soft coking coal product.

China Polymetallic Mining Limited *("CPM")*

CPM is an emerging Chinese mining company listed on the Hong Kong Stock Exchange. The Company's investment is via a special purpose vehicle, Five Stars B.S. Limited Partnership. CPM has a number of development projects in the Yunan province of China. The first of these, the Shizishan lead-zinc-silver mine, started production in 2011 and reached its full production rate of 2,000 tonnes per day in December 2012. The Shizishan Mine has JORC compliant resources totalling 9.3 million tonnes grading 256g/t silver, 9.4% lead and 6.0% zinc for contained metal of 77 million ounces silver, 878,500 tonnes lead and 563,000 tonnes zinc. It is planned to produce an average of 5 million ounces of silver, 57,000 tonnes lead and 35,000 tonnes zinc per annum over an expected mine life of 15 years.

CPM's second project, the Dakuangshan silver lead-zinc mine, started commercial production in December 2012 and will ramp up to full production in 2013. CPM is also developing the Liziping Mine, a large-scale lead-zinc project and the Menghu Mine, a high-grade oxidized lead mine. It has also secured exclusive long-term, low-cost polymetallic raw ore supply from Lushan, a tungsten-tin mine.

Bilboes Gold Limited/Bilboes Holdings (pvt) Limited *("Bilboes")*

Bilboes is a private Zimbabwean gold mining company which owns four previously producing oxide mines in Zimbabwe. The oxide mines are in the process of being restarted and are scheduled to produce at the rate of approximately 12,000 ounces per annum by December 2013.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2012

Description of Largest Investments (continued)

Bilboes Gold Limited/Bilboes Holdings (pvt) Limited *("Bilboes")* **(continued)**

In addition Bilboes has JORC compliant Indicated Mineral Resources of 29.3 million tonnes grading 2.12 g/t in the underlying sulphide mineralisation and Inferred Mineral Resources of 30.0 million tonnes grading 2.03 g/t. Contained gold in the combined Indicated and Inferred sulphide resources totals 3,964,000 ounces of gold. The mineralisation is open along strike and at depth so there is good potential for these mineral resources to be increased. A feasibility study is underway to investigate a mine producing 100,000 to 200,000 ounces per annum, initially from open pit.

Ironstone Resources Limited *("Ironstone")*

Ironstone is a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project ("Clear Hills") in Alberta, Canada. Clear Hills currently has an NI 43-101 compliant Indicated Mineral Resource of 557.7Mt at 33.3% iron and 0.2% vanadium and an Inferred Mineral Resource of 94.7Mt at 34.1% iron.

In conjunction with pyrotechnology experts HATCH of Toronto, Ironstone is making good progress on developing a proprietary metallurgical process to refine the ore into direct reduced iron. Once proven, this process could be applied not only to Clear Hills but also to other significant iron ore deposits globally.

Black Pearl Limited Partnership *("Black Pearl")*

Black Pearl is a special purpose vehicle formed to invest in the Black Pearl beach placer iron sands project in West Java, Indonesia. The Black Pearl concession area is 15,000 ha of which 1,600 ha has been drilled. JORC compliant mineral resources stand at 572 million tonnes grading 11% Fe .

The first dredges arrived on site in January 2013 and commercial production commenced in March 2013. The mine is planned to reach a capacity of 10 million tonnes per annum of iron ore concentrate grading 58-60% Fe by the end of 2013 with a further expansion up to 20 million tonnes per annum by the end of 2014. Off-take agreements have been signed with a number of Chinese steel mills for the full planned production of 20 million tonnes per annum.

Ferrous Resources Limited *("Ferrous")*

Ferrous is a private company with five iron-ore projects in the iron quadrilateral region in Minas Gerais state and one in Bahia state in Brazil. It has JORC compliant resources of 5.1 billion tonnes of iron ore.

Production of iron ore totalled 3.2 million tonnes in 2012 from two of its mines, Emesa and Viga, with output of 5 million tonnes planned for 2013. In December 2012 Ferrous received the requisite permits to expand production at Viga to 25 million tonnes per annum.

Polar Silver Resources Limited/ZAO Argentum *("Polar Silver")*

Polar Silver is a private company which holds a 50% indirect interest in the Prognoz silver project, 444km north of Yakutsk in Russia ("Prognoz"). A NI 43-101 compliant report by independent consultant Micon International Limited ("Micon") in July 2009, estimated an indicated resource of 5.86 million tonnes of ore grading 773 g/t silver containing 146 million ounces silver and inferred resources of 9.64 million tonnes of ore grading 473g/t silver containing 147 million ounces silver at Prognoz. A NI 43-101 compliant preliminary economic assessment by Micon envisages a mine producing an average of 13 million ounces of silver per annum over a 16 year mine life.

Metals Exploration plc *("Metals Exploration")*

Metals Exploration is an AIM listed company which owns the Runruno gold project in the Philippines. This investment was part of a larger strategic interest totalling approximately 24% of Metals Exploration acquired by the Company and other funds managed by the Investment Manager. Site works for a mine producing approximately 100,000 ounces of gold per annum at Runruno commenced during 2012.

Copperbelt Minerals Limited *("Copperbelt")*

Copperbelt is a private company which at 31 December 2012 had a 68% interest in the Deziwa Copper Project, one of the largest copper oxide deposits in the DRC. Gecamines, a state owned mining and exploration enterprise that holds most of the DRC's state mining activities, held the remaining 32%.

In January 2013 Gecamines acquired Copperbelt's interest in Deziwa, following which Copperbelt returned to shareholders the majority of the capital received from the sale through a share buyback.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2012

Description of Largest Investments (continued)

South American Ferro Metals Limited *("SAFM")*

SAFM is a company listed on the Australian Stock Exchange whose main asset is the Ponto Verde iron ore project in Minas Gerais in Brazil. The property contains a JORC compliant Mineral Resource estimated at 277.9 million tonnes ore grading 41.3% Fe.

During 2012 Ponto Verde achieved its full licenced production rate of 1.5 million tonnes run of mine ("ROM") ore for the year. SAFM is undertaking a feasibility study to increase the mining rate to 8 million tonnes of ore per annum which is expected to be completed during the fourth quarter 2013.

Market Outlook

China Growth
The IMF forecast a higher global growth rate in 2013, as fears of faltering growth in the U.S and a Chinese hard-landing receded. Chinese growth did slow in 2012, but the size of the Chinese economy today means that even moderate growth in China is significant for global growth and swings in China's performance increasingly impact the rest of the world's economy. China's economy is moving into a new phase of development with the twelfth five year plan bringing economic restructuring and a new domestic demand expansion policy. As GDP increases, infrastructure construction investment and accelerated consumption of retail goods will shift the emphasis of commodity demand away from steel raw materials and into base and precious metals.

Rest of the World Growth
There are continued positive signs for economic growth in the U.S. Capital deficiencies have been reduced and the economy appears to be rebalancing; bank recapitalisation and deleveraging programmes are reaching completion and institutions have begun increasing lending, the effects of which are being observed in job creation, and domestic consumption is rising. In Europe, progress has been slower due to the inefficiency of the currency union and compounded by a general deterioration in economic conditions. The European Central Bank's pledge to do "whatever it takes" to save the Euro has not eliminated anxiety and it is unlikely the Euro Zone will return to sustained growth in the near term.

Mining Industry / Supply
The outlook for the mining sector in 2013 is mixed; many companies are reining in capital expenditure in the face of escalating costs and softening commodity prices. Mining companies are less focused on growth through investment and more focused on cost reduction and operational efficiency. This greater capital discipline and the cancellation of marginal projects will reduce supply side cost pressure and assist in sustaining commodity prices at current levels.

Demand
The outlook for base and precious metals has become increasingly positive, with growing industrial usage of lead, zinc, copper and silver adding to consumption in China and the rest of the world. Monetary easing policies, particularly those being pursued by the U.S and Japan, should provide support for gold and silver prices. The fundamentals for steel raw materials deteriorated in 2012, as Chinese steel mills slowed down production in response to poor demand. However, following the collective re-stocking, the market for iron ore recovered in late 2012 and coking coal prices are expected to follow.

Capital Markets
Access to capital through debt and equity markets has become increasingly constrained since the financial crisis. While general equity markets have strengthened, mining equities have underperformed, partially due to volatility in prices and uncertainty over the longevity of the commodities cycle. The upward trend in the equities market is expected to continue as investors shift asset allocation away from bonds and into equities, and potentially increase allocation into the mining sector as risk appetite increases. Ernst & Young, in its quarterly outlook on Mergers, Acquisitions and Capital Raisings, predict an increase in the number and value of mining and metals transactions in 2013 driven by parastatal organisations and multinational industrial firms seeking to secure access to long-term sources of mineral supply. M&A activity should increase as opportunistic companies seek to take advantage of depressed market valuations.

Impact for BSRT investments
Stabilising prices for iron ore and metallurgical coal augurs well for the Company's investments in companies with exposure to these commodities, certain of which lost significant value in 2012. Concurrently, increasing equity market activity bodes well for privately held companies planning IPOs and a planned secondary listing for Ivanplats. The outlook for copper and platinum group metals appear positive; Ivanplats is well placed to benefit from any uplift in the price of these metals.

DIRECTORS' REPORT
For the year ended 31 December 2012

The Directors of the Company present their third annual report and the audited financial statements for the year ended 31 December 2012.

Principal activity and business review

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (GFSC). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.

The Ordinary Shares are currently admitted to the Premium Listing segment of the Official List. Following the expiry of the Transitional Provision contained in Listing, Prospectus, Disclosure and Transparency Rules 7 of the Listing Rules, effective 1 June 2012 Subscription Shares of no par value are assigned to the Standard Segment of the Official List.

The Company's investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company will invest predominantly in unlisted companies (i.e. those companies that have not yet made an initial public offering or "IPO") but also in listed securities (including special situations opportunities and less liquid securities) with a view to exploiting value inherent in market inefficiencies and pricing anomalies.

The Company's investment policy is detailed on pages 3 and 4.

Portfolio analysis

A detailed analysis of the Portfolio has been provided on pages 18 and 19.

The Investment Manager's report on pages 6 to 10 includes a review of the main developments during the year together with information on investment activity within the Company's Portfolio and on the market outlook.

Performance

In the year to 31 December 2012, the Company's undiluted NAV per Ordinary Share decreased by 16.9% (2011: increase of 27.0%). This compares with a fall in the HSBC Global Mining Index (capital return in Sterling terms) of 4.6% (2011:fall of 28.4%).

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 22 and the Company's financial position at the end of the year is shown in the Statement of Financial Position on page 21.

Dividend policy

It is not currently envisaged that any income or gains will be distributed by the Company by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. To the extent that any dividends are paid they will be paid in accordance with any applicable laws and the regulations of the UK Listing Authority.

Directors

The Directors of the Company who served during the year were:

Howard Myles (Chairman)
Edward Flood
Charles Hansard
Clive Newall
Christopher Sherwell

The Directors are remunerated for their services at such rate as the Directors determine provided that the aggregate amount of such fees may not exceed £200,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

Directors (continued)

For the year ended 31 December 2012 the total remuneration of the Directors was £140,000 (2011: £140,000), with £36,000 (2011: £36,000) payable at year end.

The Directors' interests in the share capital of the Company at both 31 December 2012 and 31 December 2011 were:

	Number of Ordinary Shares	Number of Subscription Shares
Edward Flood	65,000	13,000
Christopher Sherwell	25,000	5,000
Clive Newall	25,000	5,000

Mr Sherwell also has an indirect interest in the shares of the Company through an investment in another fund managed by the Manager.

Significant Shareholdings

The significant shareholdings in the Company at 31 December 2012 were:

Ordinary Shareholder	Number of Ordinary Shares	% of Total Shares in issue
The Bank of New York (Nominees) Limited*	24,522,825	37.07
HSBC Global Custody Nominees Limited*	7,861,324	11.88

* Custodian accounts held on behalf of individual shareholders. These holdings are aggregated.

CF Ruffer Baker Steel Gold Fund ("CFRBSGF") had an interest in 6,080,000 Ordinary Shares and 1,420,000 Subscription Shares in the Company at 31 December 2012. These shares are held in a custodian account with The Bank of New York (Nominees) Limited. CFRBSGF shares a common Investment Manager with the Company.

The Manager, Baker Steel Capital Managers (Cayman) Limited, had an interest in 504,832 Ordinary Shares and 100,876 Subscription Shares at 31 December 2012.

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 10,000 Management Ordinary Shares at 31 December 2012.

Authorised and Issued Share Capital

The share capital of the Company on incorporation was represented by an unlimited number of Ordinary Shares of no par value. The Company may issue an unlimited number of shares of a nominal or par value and/or of no par value or a combination of both. The Company raised £30,468,865 (before costs) through the issue of 30,468,865 Ordinary Shares and 6,093,772 Subscription Shares via a Placing and Offer. In addition, the Company issued 35,554,224 Ordinary Shares and 7,110,822 Subscription Shares to the holders of shares in Genus Capital Fund pursuant to a scheme of reorganisation of Genus Capital Fund, in exchange for substantially all the non-cash assets of Genus Capital Fund. With effect from 30 September 2010, 7,543 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 31 March 2011, 2,429 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 2 April 2012, 107,549 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 1 October 2012, 1,923 Ordinary Shares were issued as a result of the exercise of Subscription Shares.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

Issue of Shares

The Company was admitted to trading on the London Stock Exchange on 28 April 2010. On that date, 30,468,865 Ordinary Shares and 6,093,772 Subscription Shares were issued pursuant to a placing and offer for subscription and 35,554,224 Ordinary Shares and 7,110,822 Subscription Shares were issued pursuant to a scheme of reorganisation of Genus Capital Fund. In addition 10,000 Management Ordinary Shares were issued. Following the exercise of Subscription Shares at the end of September 2010, 7,543 Ordinary Shares were issued and as a result, the Company had 66,030,632 Ordinary Shares and 13,197,051 Subscription Shares in issue at 31 December 2010.

Following the exercise of Subscription Shares at the end of March 2011, 2,429 Ordinary Shares were issued and as a result, the Company had 66,033,061 Ordinary Shares and 13,194,622 Subscription Shares in issue at 31 December 2011.

Following the exercise of Subscription Shares at the end of March 2012 and September 2012, 109,472 Ordinary Shares were issued and as a result, the Company had 66,142,533 Ordinary Shares, 13,085,150 Subscription Shares and 10,000 Management Shares in issue at 31 December 2012. The final exercise date for Subscription Shares was 2 April 2013. No Subscription Shares were exercised at this time and the Company is in the process of cancelling all remaining Subscription Shares.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Although there was insufficient cash at the year end to settle the current payables and the Company had net current liabilities, this was due to the accrual of the performance fee to the Manager in 2011. The Manager has agreed not to seek payment of the performance fee until the Company has sufficient cash. During January 2013, the Company received £3.3m from the sale of Copperbelt Minerals and paid the Manager £2,500,000, in part settlement of the outstanding performance fee. The Company also holds listed securities that can if necessary, be realised to meet liabilities, including shares in Ivanplats Limited for which the lock-up applying to the shares will start to be released at 8% on a quarterly basis from April 2013. Taking these factors into account, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Corporate Governance Compliance

The Company is committed to maintaining high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is suitable for an investment company and which enables the Company to comply with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. There was a new UK Corporate Governance Code released in September 2012 which will be effective after 1 Jan 2013.

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. The Company considers that it has complied with the provisions of the UK Corporate Governance Code throughout the accounting year, except where disclosed below.

Information and training

The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. Typically, the Board meets formally four times a year; however, the Investment Manager and Company Secretary stay in more regular, less formal contact with the Directors. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. New Directors will receive an induction from the Investment Manager and Company Secretary on joining the Board, and all Directors receive other relevant training as necessary.

Independence

The Board consists solely of non-executive Directors of whom Howard Myles is Chairman. All directors are deemed as independent under the UK Corporate Governance Code. Charles Hansard has informed the Board that he no longer has a commercial relationship with the Manager, Baker Steel Capital Managers (Cayman) Limited.

Senior Independent Director

In view of its non-executive nature, the Board considers that it is not appropriate for a Senior Independent Director to be appointed.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

Corporate Governance Compliance (continued)

Appointment and re-election

All the Directors are responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board. The Directors are not required to retire by rotation at each annual general meeting of the Company. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed.

Performance appraisal

The performance of the Board and the Audit Committee are evaluated through an assessment process led by the Chairman. The performance of the Chairman is evaluated by the other Directors.

Audit committee

The Board has established an Audit Committee. The Audit Committee meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and provides a forum through which the Company's external auditors may report to the Board. The Audit Committee operates within established terms of reference. These are available on the Company's website **www.bakersteelresourcestrust.com**. The Directors consider there is no need for an internal audit function because the Company operates through service providers and the Directors receive control reports on service providers.

Christopher Sherwell is Chairman of the Audit Committee.

Nomination, Remuneration and Management Engagement Committees

Given the size and nature of the Company and the fact that all the Directors are non-executive it is not deemed necessary to form separate Nomination, Remuneration, and Management Engagement Committees. The Board, as a whole, will consider new Board appointments, remuneration and the engagement of service providers, although in view of Charles Hansard's commercial relationship with the Manager, he will not participate in Board discussions in relation to the Manager's appointment.

Board meetings

The Board generally meets at least four times a year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company. Between these quarterly meetings there is regular contact with the Investment Manager. The Directors are kept fully informed of investment and financial controls and other matters which are relevant to the business of the Company and which should be brought to the attention of the Directors. The Directors also have access to the Company Secretary (through its appointed representatives who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with) and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

Internal Controls

The Board recognises the need for effective high-level internal controls. The principal controls to address financial, operational and compliance risks are embedded in the operational procedures of the Investment Manager, the Administrator and the Custodian.

High-level controls in operation in relation to the Company include segregation of duties between relevant functions and departments within the Administrator and the Investment Manager. At every quarterly meeting, the Board considers the compliance reports, administration reports, and portfolio valuations provided by the Administrator, and the Investment Manager's reports and analyses.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

Corporate Governance Compliance (continued)

Internal Controls (continued)

The Administrator has a number of internal control functions including a dedicated Compliance Officer who is appointed as a statutory requirement and whose role is determined by the Guernsey Financial Services Commission which includes the maintenance of a log of errors and breaches which are reported to the Board at each quarterly Board meeting. The Administrator also undertakes an independent annual review of its internal control functions in accordance with International Standard on Assurance Engagements 3402, "Assurance Reports on Controls at a Service Organisation", issued by the International Auditing and Assurance Standards Board. The Administrator makes this report available to the Board for review and assessment of the control objectives and activities in place.

The Board reviews the effectiveness of the Company's internal control systems on an ongoing basis. Procedures are in place to ensure that necessary action is taken to address any significant weaknesses identified in the control framework. The Board is not aware of any significant failings or weaknesses in the Company's internal controls in the year under review. The Board recognises that the internal controls framework is designed to manage rather than to eliminate relevant risks. The key risks faced by the Company are set out below. The Board reviews the policies for managing each of these principal risks as summarised below. Please also refer to note 5 on pages 31 to 35.

Investment Manager Assessment

The Investment Manager prepares regular reports to the Board to allow it to review and assess the Company's activities and performance on an ongoing basis. The Board and the Investment Manager have agreed clearly defined investment criteria, exposure limits and specified levels of authority. Regular reports on these matters, including performance information and portfolio valuations, are submitted to the Board at each meeting.

Relations with Shareholders

The Board believes that the maintenance of good relations with shareholders is vital for the long-term prospects of the Company. The Board receives feedback on the views of shareholders from the Company's brokers, RBC Capital Markets and Winterflood Securities Limited, and from the Investment Manager.

General Meetings

All general meetings of the Company are held in Guernsey. The Company holds an Annual General Meeting each year.

Principal risks & uncertainties

Performance risk
The Board is responsible for determining the investment strategy to allow the Company to fulfil its objectives and also for monitoring the performance of the Investment Manager which has been delegated day-to-day discretionary management of the Company's portfolio. An inappropriate strategy may lead to poor performance. The investment policy of the Company is for a highly focused portfolio which can lead to a concentration of risk. To manage this risk the Investment Manager provides to the Board, on an ongoing basis, an explanation of the significant stock selection recommendations and the rationale for the composition of the investment portfolio. The Board mandates and monitors an adequate diversification of investments, both geographically and sectorally, in order to reduce the risks associated with particular sectors, based on the diversification requirements inherent in the Company's investment policy.

Market risk
Market risk arises from volatility in the prices of the Company's underlying investments which, in view of the Company's investment objectives, in turn are particularly sensitive to commodity prices. Market risk represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager on a regular basis.

Financial risk
The Company's investment activities expose it to a variety of financial risks that include foreign currency risk and interest rate risk. Further details are disclosed in note 5 on pages 31 to 35.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

Corporate Governance Compliance (continued)

Operational risk
In common with most other investment vehicles, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other service providers. For example, the security of the Company's assets, dealing procedures, accounting records and compliance with regulatory and legal requirements depend on the effective operation of these systems.

Business/Other risks
The Company invests in companies whose projects are located in emerging markets. In such countries governments can exercise substantial influence over the private sector and political risk can be a significant factor. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities markets and imposition of foreign exchange controls and investment restrictions. The Investment Manager and the Board take into account specific political risks when entering into an investment and seek to mitigate them by diversifying geographically.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

The Guernsey Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these consolidated financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- confirm that there is no relevant audit information of which the Company's auditor is unaware; and
- confirm that they have taken reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that to the best of their knowledge:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU);
- The financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company;
- The Chairman's Statement, Directors' Report and Investment Manager's Report include a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure and Transparency Rules of the UK Listing Authority; and
- So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the reasonable steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the Board of Directors by:

Howard Myles   Christopher Sherwell

19 April 2013

BOARD OF DIRECTORS

Howard Myles (aged 63): Howard Myles currently acts as a non-executive director of a number of investment companies. Howard was a partner in Ernst & Young from 2001 until 2007 and was responsible for the Investment Funds Corporate Advisory team. He was previously with UBS Warburg from 1987 to 2001. Howard began his career in stockbroking in 1971 as an equity salesman and joined Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading UBS Warburg's corporate finance function for investment funds. He is a fellow of the Institute of Chartered Accountants and of The Chartered Institute for Securities and Investments.

R. Edward Flood (aged 67): In March 2007, Edward Flood was appointed Managing Director of Investment Banking at Haywood Securities (UK) Limited. Following graduation from university Edward enjoyed a career as an economic geologist with several different companies in the mining industry over a 20-year period. At Nerco Minerals he was head of the Company's acquisition team during a period of rapid growth fuelled by the purchase of a number of operating precious metal mines. This experience enabled him to make a transition to the financial community as a principal at Robertson Stephens investment bank in San Francisco in 1992. He initially worked as a securities analyst following the gold mining industry before becoming a member of the firm's investment management team for the Contrarian Fund, a public mutual fund concentrated on natural resource opportunities in emerging markets around the world and the Orphan Fund, a similarly structured hedge fund. The funds managed a portfolio of approximately US$2 billion. Edward became Ivanhoe Mines' founding President in 1995 and served in that capacity until 1999. He has been a member of the board of directors since Ivanhoe was formed. Between 1999 and 2001, Edward held the position of senior mining analyst with Haywood Securities in Vancouver before returning to Ivanhoe Mines as deputy chairman, a position held until joining Haywood Securities (UK) Limited in March 2007. He is also the Chairman of Western Uranium Corporation and a director of several mineral exploration and development companies. Edward holds a Masters of Science (Geology) degree from the University of Montana and is a member of the Geological Society of London.

Charles Hansard (aged 64): Charles Hansard has over 30 years' experience in the investment industry as a professional and in a non-executive capacity. He currently serves as a non-executive director on a number of boards which include the Moore Capital group of funds, AAA- rated Deutsche Bank Global Liquidity Fund, and Electrum Ltd., a privately owned gold exploration company. He formerly served as a director of Apex Silver Mines Ltd., where he chaired the finance committee during its capital raising phase and as chairman of the board of African Platinum Plc, which he led through reorganisation and feasibility prior to its sale to Impala Platinum. He commenced his career in South Africa with Anglo American Corporation and Fleming Martin as a mining analyst. He subsequently worked in New York as an investment banker for Hambros before returning to the UK to co-found IFM Ltd., one of the earliest European hedge fund managers. Charles holds a B.B.S. from Trinity College Dublin.

Clive Newall (aged 63): Clive Newall graduated from the Royal School of Mines, University of London, England in 1971 with an honours degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc. and the Robertson Group plc. Clive has been a director of a number of public companies in the United Kingdom and Canada.

Christopher Sherwell (aged 65): Christopher Sherwell has worked since 2004 as a senior Non-Executive Director based in Guernsey with roles in the offshore finance industry and is a director of a number of listed investment companies. Prior to January 2004, Christopher was a Managing Director of Schroders' offshore investment and private banking operations in the Channel Islands. Christopher was previously Investment Director from 1993-2000 and also served on the boards of various Schroder group companies and funds during his period there. Prior to Schroders he worked at Smith New Court as a research analyst specialising in asset allocation for Asian markets. Christopher is a Rhodes Scholar with degrees in science and in economics and politics. He has worked as a university lecturer and was for sixteen years a journalist, most of them working for the Financial Times.

PORTFOLIO STATEMENT
AT 31 DECEMBER 2012

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Listed equity shares		
	Australian Dollars		
20,560,122	South American Ferro Metals Limited	1,300,400	1.80
	Australian Dollars Total	**1,300,400**	**1.80**
	Canadian Dollars		
3,383,333	BacTech Environmental Corporation	188,020	0.26
1,100,000	Forbes & Manhattan Coal Corporation	455,076	0.63
9,787,495	Ivanplats Limited	27,195,682	37.66
1,931,667	REBgold Corporation	113,311	0.16
	Canadian Dollars Total	**27,952,089**	**38.71**
	Great Britain Pounds		
27,815,933	Metals Exploration Plc	2,503,434	3.47
	Great Britain Pounds Total	**2,503,434**	**3.47**
	United States Dollars		
55,246,318	China Polymetallic Mining Limited	6,458,568	8.94
	United States Dollars Total	**6,458,568**	**8.94**
	Total investment in listed equity shares	**38,214,491**	**52.92**
	Fixed income instruments		
	United States Dollars		
5,100,000	Argentum Convertible Note	3,138,075	4.35
750,000	Bilboes Holdings Convertible Note	461,482	0.64
830,000	Polar Silver Convertible Note	510,706	0.71
	United States Dollars Total	**4,110,263**	**5.70**
	Total investments in fixed income instruments	**4,110,263**	**5.70**
	Unlisted equity shares and warrants		
	Canadian Dollars		
6,666,667	BacTech Mining Corporation Warrants 06/08/2013	0	-
10,250,000	BacTech Mining Corporation Warrants 17/06/2015	1,479	-
6,282,341	Ironstone Resources Limited	5,430,820	7.52
3,036,605	Ironstone Resources Limited Warrants 30/09/2013	18,210	0.03
2,400,000	REBgold Corporation Warrants 20/11/2016	15	-
	Canadian Dollars Total	**5,450,524**	**7.55**

PORTFOLIO STATEMENT (CONTINUED)
AT 31 DECEMBER 2012

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Unlisted equity shares and warrants (continued)		
	Great Britain Pounds		
1,594,646	Celadon Mining Limited	143,518	0.20
	Great Britain Pounds Total	**143,518**	**0.20**
	United States Dollars		
3,034,734	Archipelago Metals Limited	466,825	0.65
451,445	Bilboes Gold Limited	5,621,343	7.79
7,000,000	Black Pearl Limited Partnership	4,907,947	6.80
372,058	Copperbelt Minerals Limited	1,602,514	2.22
5,713,642	Ferrous Resources Limited	4,394,568	6.09
4,244,550	Gobi Coal and Energy Limited	10,446,837	14.47
1,070	Polar Silver Resources Limited	658	-
	United States Dollars Total	**27,440,692**	**38.02**
	Total unlisted equity shares and warrants	**33,034,734**	**45.77**
	Financial assets held at fair value through profit or loss	**75,359,488**	**104.39**
	Other assets & liabilities	**(3,159,833)**	**(4.39)**
	Total equity	**72,199,655**	**100.00**

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER STEEL RESOURCES TRUST LIMITED

We have audited the financial statements of Baker Steel Resources Trust Limited for the year ended 31 December 2012 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 16 of the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012, and of its comprehensive loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies (Guernsey) Law, 2008, we are required to report to you, if in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review the parts of the Corporate Governance disclosures in the Director's Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
For and on behalf of Ernst & Young LLP
Recognised Auditors
Guernsey, Channel Islands

19 April 2013

Insofar as the financial statements are published on the company website, the maintenance and integrity of the Baker Steel Resources Trust Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Assets			
Cash and cash equivalents	10	601,174	1,629,044
Tax refund receivable	6	-	1,402,642
Other receivables		57,671	12,111
Financial assets held at fair value through profit or loss (Cost: £64,336,833 (2011: £63,535,547))	3	75,359,488	87,540,484
Total assets		**76,018,333**	**90,584,281**
Equity and Liabilities			
Liabilities			
Performance fees payable	8	3,651,275	3,651,275
Management fees payable	8	79,317	84,635
Directors' fees payable		36,000	36,000
Audit fees payable		29,736	40,000
Administration fees payable	7	7,889	27,443
Other payables		14,461	21,278
Total liabilities		**3,818,678**	**3,860,631**
Equity			
Management Ordinary Shares	11	10,000	10,000
Ordinary Shares	11	64,767,056	64,657,584
Profit and loss account		7,422,599	22,056,066
Total equity		**72,199,655**	**86,723,650**
Total equity and liabilities		**76,018,333**	**90,584,281**
Ordinary Shares in issue	11	66,152,533	66,043,061
Net asset value per Ordinary Share (in Pence) – Basic	4	109.1	131.3

These financial statements were approved by the Board of Directors on 19 April 2013 and signed on its behalf by

Howard Myles　　　　Christopher Sherwell

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 2012 Revenue £	Year ended 2012 Capital £	Year ended 2012 Total £
Income				
Interest income		43,152	-	43,152
Net loss on financial assets and liabilities at fair value through profit or loss	3		(12,982,283)	(12,982,283)
Net foreign exchange loss			(24,836)	(24,836)
Net income/(loss)		**43,152**	**(13,007,119)**	**(12,963,967)**
Expenses				
Management fees	8	1,109,630	-	1,109,630
Directors' fees		140,000	-	140,000
Director's expenses		4,194	-	4,194
Audit fees		40,000	-	40,000
Administration fees	7	99,211	-	99,211
Custody fees		62,821	-	62,821
Other expenses	9	213,644	-	213,644
Total expenses		**1,669,500**	**-**	**1,669,500**
Total comprehensive loss for the year		**(1,626,348)**	**(13,007,119)**	**(14,633,467)**
Net loss for the year per Ordinary Share:				
Basic and diluted (in pence)	4	(2.4)	(19.7)	(22.1)
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	4			66,124,204

In the year ended 31 December 2012 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 2011 Revenue £	Year ended 2011 Capital £	Year ended 2011 Total £
Income				
Interest income		71,323	-	71,323
Net gain on financial assets and liabilities at fair value through profit or loss	3	-	24,624,322	24,624,322
Net foreign exchange loss		-	(166,176)	(166,176)
Other income		112	-	112
Net income		**71,435**	**24,458,146**	**24,529,581**
Expenses				
Performance fees	8	-	3,651,275	3,651,275
Management fees	8	1,129,886	-	1,129,886
Directors' fees		140,000	-	140,000
Audit fees		49,465	-	49,465
Administration fees	7	87,671	-	87,671
Custody fees		49,775	-	49,775
Other expenses	9	340,936	-	340,936
Total expenses		**1,797,733**	**3,651,275**	**5,449,008**
Less withholding tax paid		-	633,650	633,650
Total comprehensive (loss)/income for the year		**(1,726,298)**	**20,173,221**	**18,446,923**
Net (loss)/earnings for the year per Ordinary Share:				
Basic and diluted (in pence)	4	(2.6)	30.5	27.9
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	4			66,042,454

In the year ended 31 December 2011 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Year ended 2012 £
Balance as at 1 January 2012	10,000	64,657,584	22,056,066	86,723,650
Proceeds on issue of Ordinary Shares	-	109,472	-	109,472
Net loss for the year	-	-	(14,633,467)	(14,633,467)
Balance as at 31 December 2012	**10,000**	**64,767,056**	**7,422,599**	**72,199,655**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Year Ended 2011 £
Balance as at 1 January 2011	10,000	64,655,155	3,609,143	68,274,298
Proceeds on issue of Ordinary Shares	-	2,429	-	2,429
Net gain for the year	-	-	18,446,923	18,446,923
Balance as at 31 December 2011	**10,000**	**64,657,584**	**22,056,066**	**86,723,650**

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 2012 £	Year ended 2011 £
Cash flows from operating activities			
Net (loss)/income for the year		(14,633,467)	18,446,923
Adjustments to reconcile income for the year to net cash used in operating activities:			
Net change in fair value of financial assets at fair value through profit or loss		12,982,283	(24,624,322)
Net decrease/(increase) in other receivables		1,357,082	(1,084,192)
Net (decrease)/increase in other payables		(41,953)	3,630,014
Net cash used in operating activities		**(336,055)**	**(3,631,577)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(801,287)	(22,167,287)
Sale of financial assets at fair value through profit or loss		-	26,411,973
Net cash (used in)/provided by investing activities		**(801,287)**	**4,244,686**
Cash flows from financing activities			
Proceeds from shares issued	11	109,472	2,429
Net cash provided by financing activities		**109,472**	**2,429**
Net (decrease)/increase in cash and cash equivalents		(1,027,870)	615,538
Cash and cash equivalents at the beginning of the year		1,629,044	1,013,506
Cash and cash equivalents at the end of the year	10	**601,174**	**1,629,044**
Represented by:			
Cash and cash equivalents		601,174	1,629,044
Cash and cash equivalents at the end of the year	10	**601,174**	**1,629,044**

The accompanying notes form an integral part of these audited financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the POI Law and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (GFSC). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Company's Ordinary and Subscription Shares were admitted to the Premium Listing Segment of the Official List on 28 April 2010. Effective 1 June 2012 the Subscription Shares are assigned to the Standard Segment of the Official List.

The Company's portfolio is managed by Baker Steel Capital Managers (Cayman) Limited (the "Manager"). The Manager has appointed Baker Steel Capital Managers LLP (the "Investment Manager") as the Investment Manager to carry out certain duties. The Company's investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests predominantly in unlisted companies (i.e. those companies which have not yet made an initial public offering or "IPO") and also in listed securities (including special situations opportunities and less liquid securities) with a view to exploiting value inherent in market inefficiencies and pricing anomalies.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared on a historic cost basis except for financial assets at fair value through profit or loss, which are designated at fair value through profit or loss.

The Company's functional currency is the Great Britain pound sterling ("£"), being the currency in which its Ordinary Shares and Subscription Shares are issued and in which returns are made to shareholders. The presentation currency is the same as the functional currency. The Company invests in companies around the world whose shares are denominated in various currencies. Currently the majority of the portfolio is denominated in US Dollars but this will not necessarily remain the case as the portfolio develops.

The Statement of Comprehensive Income is presented in accordance with the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009 by the Association of Investment Companies, to the extent that it does not conflict with International Financial Reporting Standards ("IFRS").

Income encompasses both revenue and capital gains/losses. For a listed investment Company it is necessary to distinguish revenue from capital for the purpose of determining the distribution. Revenue includes items such as dividends, interests, fees, rent and other equivalent items. Capital is the return, positive or negative, from holding investments other than that part of the return that is revenue. SORP provides guidance on the items that should be recognised as capital/revenue. Where specific guidance is not given an item is recognised in accordance with its economic substance.

Statement of Compliance

These financial statements have been prepared in accordance with IFRS as adopted by the European Union.

b) Significant accounting judgements and estimates

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The most significant judgement relates to the valuation of the Company's unlisted investments which are valued by the Board at fair value in accordance with IFRS having regard to such factors as they deem relevant. This may include information received from market and other sources as to trading on unofficial or "grey" markets requiring a judgement on whether a particular transactions represents fair value and the appropriate timing for recognising fair value changes when information about a transaction is incomplete or unclear. It may also include using industry specific models which require judgement about the investee Company's resources, reserve estimates and associated operating and cost projections. Judgement is also required regarding the long term market prices for relevant commodities produced and comparison with comparable transactions and listed company multiples.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial assets at fair value through profit or loss

The Company designates its investments, other than derivatives, as at fair value through profit or loss, at initial recognition. All derivatives are classified as held for trading and are included in financial assets at fair value through profit or loss.

Recognition and derecognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. Routine purchases and sales of investments are accounted for on the trade date.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are re-measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statement of Comprehensive Income in the year in which they arise.

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered. A financial liability is derecognised when it is extinguished or when the obligation specified in the contract is discharged, cancelled or expired.

Basis of designation of fair value

Designation of the investments in this way is consistent with the Company's documented risk management policy and investment strategy, and information about the investments is provided to the Board on this basis.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments recognised in the Statement of Comprehensive Income. Investments are derecognised on sale. Gains and losses on sale of investments are recognised in the Statement of Comprehensive Income.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their last quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 3.

d) Interest income and expense

Bank interest income, fixed income instruments interest and interest expense are recognised on an accruals basis based on the effective interest method.

e) Cash and cash equivalents, margin accounts with brokers and cash overdrawn

Cash and cash equivalents in the statement of financial position comprise cash balances held at banks.

f) Expenses

All expenses are recognised on an accruals basis.

g) Translation of foreign currencies

Foreign currency transactions during the year are translated into £ at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into £ at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences including those arising from adjustment to fair value of financial instruments during the year, are included in the Statement of Comprehensive Income.

h) Segment information

The Directors are of the opinion that the Company is engaged in a single segment of business, being investing in natural resources companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Net asset value per share

Net Asset Value per share disclosed on the face of the Statement of Financial Position is calculated in accordance with the Company's Prospectus by dividing the net assets of the Company on the Statement of Financial Position date by the number of Ordinary Shares outstanding at that date.

j) New accounting pronouncements

The following standards, amendments and interpretations are effective for the current year:
IFRS 1: First time Adoption of IFRS – amended by Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – for accounting periods commencing on or after 1 July 2011
IFRS 7: Disclosures – Transfer of financial assets – for accounting periods commencing on or after 1 July 2011
IAS 12: Income Taxes – amended in Deferred Tax: Recovery of Underlying Assets

These standards have been adopted in the Company's accounting policies but had no material impact on these financial statements.

k) New accounting pronouncements not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied, were in issue but not yet effective:

IFRS 9 : Financial Instruments – for accounting periods commencing on or after 1 January 2015
IFRS 10 : Consolidated Financial Statements – for accounting periods commencing on or after 1 January 2013*
IFRS 11 : Joint Arrangements – for accounting periods commencing on or after 1 January 2013*
IFRS 12 : Disclosure of Interests in Other Entities – for accounting periods commencing on or after 1 January 2013*
IFRS 13 : Fair value measurement – for accounting periods commencing on or after 1 January 2013**
IAS 1 : Presentation of Financial Statements – for annual periods beginning on or after 1 July 2012, with early adoption permitted.
IAS 19 : Employee Benefits (as amended in 2011) – applicable on a modified retrospective basis to annual periods beginning on or after 1 January 2013, with early adoption permitted.
IAS 27 : Consolidated and Separate Financial Statements (as amended in 2011) – applicable to annual reporting periods beginning on or after 1 January 2014

*partially endorsed by the EU from 1 January 2014.
**endorsed by the EU from 1 January 2013.

The Directors have not yet assessed the impact that the adoption of these standards and interpretations in future periods will have on the financial statements of the Company. These standards and interpretations will be adopted when they become effective.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

31 December 2012	Listed equity shares	Unlisted equity shares	Fixed income instruments	Warrants	Total
	£	£	£	£	£
Financial assets at fair value through profit or loss					
Cost	24,353,651	35,760,976	4,222,206	-	64,336,833
Unrealised gain/(loss)	13,860,840	(2,745,946)	(111,943)	19,704	11,022,655
Market value at 31 December 2012	38,214,491	33,015,030	4,110,263	19,704	75,359,488

31 December 2011	Listed equity shares	Unlisted equity shares	Fixed income instruments	Warrants	Total
	£	£	£	£	£
Financial assets at fair value through profit or loss					
Cost	9,006,135	51,020,003	3,509,409	-	63,535,547
Unrealised (loss)/gain	(873,563)	24,620,875	56,513	201,112	24,004,937
Market value at 31 December 2011	8,132,572	75,640,878	3,565,922	201,112	87,540,484

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

3. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following table analyses net (losses)/gains on financial assets at fair value through profit or loss for the year ended 31 December 2012 and 31 December 2011.

	Year ended 2012 £	Year ended 2011 £
Financial assets at fair value through profit or loss		
Realised gains/(losses) on:		
- Listed equity shares	-	(317,716)
- Unlisted equity shares	-	5,058,617
- Fixed income instruments	-	(257,320)
	-	4,483,581
Movement in unrealised gains/(losses) on:		
- Listed equity shares	(1,168,637)	(2,857,065)
- Unlisted equity shares	(16,649,549)	26,362,666
- Investments transferred from unlisted to listed	5,185,767	-
- Fixed income instruments	(168,456)	239,838
- Warrants	(181,408)	(3,604,698)
	(12,982,283)	20,140,741
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(12,982,283)	24,624,322

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2012.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	4,560,241	33,654,250	-	38,214,491
Unlisted equity shares	-	-	33,015,030	33,015,030
Warrants	-	-	19,704	19,704
Fixed income instruments	-	-	4,110,263	4,110,263
	4,560,241	33,654,250	37,144,997	75,359,488

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2011.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	8,132,572	-	-	8,132,572
Unlisted equity shares	-		75,640,878	75,640,878
Warrants	-	-	201,112	201,112
Fixed income instruments	-	-	3,565,922	3,565,922
	8,132,572	-	79,407,912	87,540,484

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 31 December 2012.

	Total £	Equities £	Fixed income instruments £	Warrants £
Opening balance 1 January 2012	79,407,912	75,640,878	3,565,922	201,112
Purchases of investments	801,287	88,489	712,798	-
Transfer out of Level 3	(15,347,517)	(15,347,517)	-	-
Change in net unrealised losses	(27,716,685)	(27,366,820)	(168,457)	(181,408)
Closing balance 31 December 2012	37,144,997	33,015,030	4,110,263	19,704

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 31 December 2011.

	Total £	Equities £	Fixed income instruments £	Warrants £
Opening balance 1 January 2011	47,402,510	35,188,512	-	12,213,998
Purchases of investments	17,599,108	14,089,699	3,509,409	-
Investment option converted and exercised	(8,408,187)	-	-	(8,408,187)
Change in net unrealised gains/(losses)	22,814,481	26,362,667	56,513	(3,604,699)
Closing balance 31 December 2011	79,407,912	75,640,878	3,565,922	201,112

The Company did not hold any Level 2 investments in the prior period.

In determining an investment's position within the fair value hierarchy, the Directors take into consideration the following factors.

Investments whose values are based on quoted market prices in active markets are classified within Level 1. These include listed equities with observable market prices. The Directors do not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. These include certain less liquid listed equities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs. They include unlisted fixed income instruments, unlisted equity shares and warrants. Level 3 investments are valued using valuation techniques explained in the Company's accounting policies. The inputs used by the Directors in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments if representative in volume and nature, completed or pending third-party transactions in the underlying investment of comparable issuers, subsequent rounds of financing, recapitalisations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Directors in the absence of market information. In cases where there have been no relevant transactions during the year, the Directors will take due consideration of the change in Development Risk Adjusted Net Present Values of the assets underlying the investments, prepared by the Investment Manager, since the last change in valuation and of whether such change is indicative of a change in fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4. NET ASSET VALUE PER SHARE AND EARNING PER SHARE

Basic net asset value per share is based on the net assets of £72,199,655 (31 December 2011: £86,723,650) and 66,152,333 (31 December 2011: 66,043,061) Ordinary Shares, being the number of shares in issue at the year end. The Subscription Shares are entitled to be converted to Ordinary Shares at 100p per share. The calculation for basic net asset value is as below:-

	31 December 2012		31 December 2011	
	Ordinary Shares	**Subscription Shares**	**Ordinary Shares**	**Subscription Shares**
Net assets at the year end (£)	72,199,655	13,085,150	86,723,650	13,194,622
Number of shares	66,152,533	13,085,150	66,043,061	13,194,622
Basic net asset value per share (in pence)	109.1		131.3	

The basic and diluted expense per share is based on the net loss for the year of the Company of £14,633,467 (2011: gain of £18,446,923) and on 66,124,204 (2011: 66,042,454) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year. In addition, the average market share price during the year of 95.8p is lower than the exercise price of 100p. Basic and diluted earnings per share are the same due to the fact that the conversion of Subscription Shares to Ordinary Shares would decrease the loss per share, hence subscription shares are anti-dilutive. This calculation is prepared in accordance with IFRS.

5. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Company's principal financial instruments comprise financial assets, primarily unlisted equity investments in natural resources companies. These investments reflect the core of the Company's investment strategy.

The Company's financial liabilities principally comprise fees payable to various parties and arise directly from its operations.

Risk exposures and responses

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's core investment objective whilst maintaining future financial security. The main risks that could adversely affect the Company's financial assets, or future cash flows are market risk (comprising market price risk, currency risk and interest rate risk), commodity price risk, liquidity risk and credit risk.

The Company's Board of Directors oversees the management of financial risks, each of which is summarised below.

a) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market price risk, currency risk and interest rate risk.

i. Market Price risk

Market price risk is the risk that the fair value of future cash flows will fluctuate because of changes in the market prices of the Company's investment portfolio.

The following illustrates the sensitivity of the income to an increase or decrease of 10% in the fair value of the Company's investment portfolio. The level of change is considered to be reasonably possible based on observations of current market conditions in 2012. The sensitivity analysis assumes all other variables are held constant.

The impact of a 10% decrease in the value of investments on the net assets and income of the Company as at 31 December 2012 would have been a decrease of £7,535,949 (31 December 2011: £8,754,048). An increase of 10% would increase the net asset value by £7,535,949. In practice, the actual results may differ from the sensitivity analysis above and the difference could be material.

ii. Currency risk

The majority of the Company's financial assets and liabilities are denominated in US dollars. The functional currency of the Company is sterling. Currency risk is the risk that the value of non-£ denominated financial instruments will fluctuate due to changes in foreign exchange rates. The table below shows the currencies and amounts the Company was exposed to at 31 December 2012 and 31 December 2011.

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

Risk exposures and responses (continued)

a) Market risk (continued)

ii Currency risk (continued)

31 December 2012

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	2,035,452	0.6389	1,300,400	1.80
CAD	54,095,924	0.6175	33,402,613	46.26
EUR	(9,958)	1.2325	(8,080)	(0.01)
GBP	(544,517)	1.0000	(544,517)	(0.75)
USD	61,837,624	0.6153	38,049,240	52.70
			72,199,656	**100.00**

31 December 2011

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	4,009,246	0.6592	2,642,935	3.05
CAD	15,225,605	0.6319	9,621,759	11.09
EUR	(11,801)	0.8347	(9,930)	(0.01)
GBP	1,352,133	1.0000	1,352,133	1.56
USD	113,800,395	0.6425	73,116,753	84.31
			86,723,650	**100.00**

At 31 December 2012 and 31 December 2011, had any foreign currencies strengthened by 10% relative to sterling, with all other variables held constant, total equity would have increased by the amounts shown below.

Currency	2012 Value £	2011 Value £
AUD	130,040	264,294
CAD	3,340,261	962,176
EUR	(808)	(993)
USD	3,804,924	7,311,675
	7,274,417	**8,537,152**

A 10% decrease in foreign currencies relative to sterling, with all other variables held constant, would lead to a corresponding decrease in the total equity by equal but opposite amounts as shown in the above tables. The estimated movement is based on management's determination of a reasonably possible change in foreign exchange rates. In practice, the actual results may differ from the sensitivity analysis above and the difference could be material.

iii. Interest rate risk

Although the Company's interest-bearing financial assets and liabilities expose it indirectly to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, it is subject to little direct exposure to interest rate fluctuations as the majority of the financial assets are equity investments which do not pay interest. Any excess cash and cash equivalents are invested at short-term market interest rates which exposes the Company, to a limited extent, to interest rate risk and corresponding gains/losses from a change in the fair value of these financial instruments.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

Risk exposures and responses (continued)

a) Market risk (continued)

iii. Interest rate risk (continued)

At 31 December 2012	Up to 1 month	More than 6 months	Non-interest bearing	Total
Assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	601,174	-	-	601,174
Financial assets held at fair value through profit or loss	3,138,075	972,188	71,249,225	75,359,488
Receivables	-	-	57,671	57,671
Total Assets	3,739,249	972,188	71,306,896	76,018,333
Liabilities				
Performance fees accrued	-	-	3,651,275	3,651,275
Other liabilities	-	-	167,403	167,403
Total Liabilities	-	-	3,818,678	3,818,678
Interest rate sensitivity gap	3,739,249	972,188		

At 31 December 2011	Up to 1 month	More than 6 months	Non-interest bearing	Total
Assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	1,629,044	-	-	1,629,044
Financial assets held at fair value through profit or loss	-	3,565,922	83,974,562	87,540,484
Receivables	-	-	1,414,753	1,414,753
Total Assets	1,629,044	3,565,922	85,389,315	90,584,281
Liabilities				
Performance fees accrued	-	-	3,651,275	3,651,275
Other liabilities	-	-	209,356	209,356
Total Liabilities	-	-	3,860,631	3,860,631
Interest rate sensitivity gap	1,629,044	3,565,922		

Interest rate sensitivity
At 31 December 2012, should interest rates have fallen by 25 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of Ordinary Shares for the year would amount to approximately £9,348 (2011: £4,073) for assets up to 1 month respectively and £2,430 (2011: £8,915) for assets more than 6 months respectively. If interest rates had risen by 25 basis points it would have an equal but opposite effect as the decrease.

The income on the Company's cash assets is positively correlated to interest rates. As interest rates rise, the interest earned would follow (rise) thus increasing the value of the Company.

The Board reviews and agrees policies for managing these risks. The Investment Manager assesses the exposure to market risk when making investment decisions and monitors the overall level of market risk on the investment portfolio on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

Risk exposures and responses (continued)

b) Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices through its investment portfolio. Commodity price risk is beyond the Company's control but will be mitigated to a certain extent as a result of the Company's diversified portfolio as long as commodity prices remain uncorrelated. It is not possible to quantify within reasonable ranges the impact of commodity price changes on the valuation of the Company's investments. However, in general long term commodity price increases should give rise to an increase in fair value of the Company's investments.

c) Liquidity risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company invests in unlisted equities for which there may not be an immediate market. The Company seeks to mitigate this risk by maintaining a cash and listed share position which will cover its ongoing operational expenses.

The Company has the ability to incur borrowings of up to 10% of its Net Asset Value but the Company's policy is to restrict any such borrowings for temporary purposes only, such as settlement mis-matches.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

At 31 December 2012	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	601,174	-	-	-		601,174
Financial assets held at fair value through profit or loss	-	3,138,075	18,210	1,494	72,201,709	75,359,488
Receivables	57,671	-	-	-		57,671
Total Assets	658,845	3,138,075	18,210	1,494	72,201,709	76,018,333

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Liabilities	**£**	**£**	**£**	**£**	**£**	**£**
Other payables and accrued expenses	2,623,206	14,461	29,736	-	1,151,275	3,818,678
Total liabilities	2,623,206	14,461	29,736	-	1,151,275	3,818,678
Net assets attributable to shareholders						72,199,655

5. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

Risk exposures and responses (continued)

c) Liquidity risk (continued)

At 31 December 2011	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	1,629,044	-	-	-	-	1,629,044
Financial assets held at fair value through profit or loss	-	69,084	19,413	3,389,408	84,062,579	87,540,484
Receivables	1,414,753	-	-	-	-	1,414,753
Total Assets	3,043,797	69,084	19,413	3,389,408	84,062,579	90,584,281

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Liabilities	**£**	**£**	**£**	**£**	**£**	**£**
Other payables and accrued expenses	148,078	21,278	40,000	-	3,651,275	3,860,631
Total liabilities	148,078	21,278	40,000	-	3,651,275	3,860,631

Net assets attributable to shareholders	86,723,650

d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full as they fall due. The Company has exposure to credit risk in relation to its cash balances, fixed income instruments and trade receivables as stated in the Statement of Financial Position.

As at 31 December 2012, the Company's financial assets were held with the following weight:

Financial Assets	Counterparty	Credit Rating	2012 % of net assets
Fixed income instruments			
- Convertible Loan Note	ZAO Argentum	NR	4.34
- Convertible Loan Note	Bilboes Gold Limited	NR	0.64
- Convertible Loan Note	Polar Silver Resources Limited	NR	0.71
Cash and cash equivalents	HSBC Bank plc	AA-	0.83
Total			6.52

As at 31 December 2011, the Company's financial assets were held with the following weight:

Financial Assets	Counterparty	Credit Rating	2011 % of net assets
Fixed income instruments			
- Convertible Loan Note	ZAO Argentum	NR	3.78
- Convertible Loan Note	Polar Silver Resources Limited	NR	0.33
Cash and cash equivalents	HSBC Bank plc	AA-	1.88
Total			5.99

6. TAXATION

The Company is a Guernsey Exempt Company and is therefore not subject to taxation on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exempt fee of £600 has been paid. The acquisition of First Coal by Xstrata Coal during the financial year ended 31 December 2011 gave rise to Canadian withholding tax of 25% of the gross proceeds of sale. The Company's obligation was reduced following the filing of a Canadian tax return. The Company received a refund of Canadian withholding tax of CAD2,197,294.20 in September 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

7. ADMINISTRATION FEES

The Administrator, HSBC Securities Services (Guernsey) Limited, is paid fees for acting as administrator of the Company at the rate of 7 basis points of gross asset value up to US$250 million; the rate reduces to 5 basis points of gross asset value above US$250 million. The Administrator is also reimbursed by the Company for reasonable out-of-pocket expenses. These fees accrue and are calculated as at the last business day of each month and paid monthly in arrears.

The Administrator is also entitled to a fee for its provision of corporate secretarial services provided to the Company on a time spent basis and subject to a minimum annual fee of £40,000. The Company is also responsible for any sub-administration fees as agreed in writing from time to time, and reasonable out-of-pocket expenses. The Administrator is also entitled to fees of €5,000 for preparation of the financial statements of the Company.

The administration fees paid for the year ended 31 December 2012 were £99,211 (2011: £87,671) of which £7,889 (2011: £27,443) was payable at 31 December 2012. HSBC Securities Services (Ireland) Limited, the sub-administrator, is paid a portion of these fees by the Administrator.

8. MANAGEMENT AND PERFORMANCE FEES

The Manager was appointed pursuant to a management agreement with the Company dated 31 March 2010 (the "Management Agreement"). The Company pays to the Manager a management fee which is equal to 1/12th of 1.75% of the total market capitalisation of the Company per month. The management fee is calculated and accrued as at the last business day of each month and is paid monthly in arrears.

The Manager may in certain circumstances also be entitled to be paid a performance fee if the Net Asset Value at the end of any Performance Period exceeds the Hurdle as at the end of the Performance Period. The performance period is each 12 month period ending on 31 December in each year (the "Performance Period"). For this purpose the "Hurdle" means an amount equal to the Issue Price of £1 per Ordinary Share multiplied by the number of Shares in issue as at Admission, as increased at a rate of 8% per annum compounded to the end of the relevant Performance Period. In respect of any Performance Period which is less than a full 12 months, the Hurdle is applied pro rata. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares.

The amount of the performance fee is 15 per cent of the total increase in the Net Asset Value, if the Hurdle has been met, at the end of the relevant Performance Period, over the highest previously recorded Net Asset Value as at the end of a Performance Period in respect of which a performance fee was last accrued, (or the Issue Price multiplied by the number of shares in issue as at Admission, if no performance fee has been so accrued) having made adjustments for numbers of Ordinary Shares issued and/or repurchased as described above. In addition, the performance fee will only become payable if there have been sufficient net realised gains. The Manager has agreed not to seek payment of the performance fee accrued at 31 December 2011 until the Company has sufficient cash.

At the year end the Manager was due £3,651,275 (2011: £3,651,275) relating to the performance period up to 31 December 2011. Following the year end, on 21 January 2013 £2,500,000 of the outstanding Performance fee was paid to the Manager following the receipts from sale of investments. The balance of the outstanding Performance fee will be settled when cash becomes available. No further performance fee will be accrued or paid until the Net Asset Value exceeds £86,831,199 (131.3p per share) as adjusted for further issues and repurchases of shares.

The management fee for the year ending 31 December 2012 was £1,109,630 (2011: £1,129,886) out of which £79,317 (2011: £84,635) was outstanding at the year end.

If the Company wishes to terminate the Management Agreement without cause it is required to give the Manager 12 months' prior notice or pay to the Manager an amount equal to: (a) the aggregate investment management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation prevailing on the Valuation Day on or immediately prior to the date of such notice); and (b) any performance fee accrued at the end of any Performance Period which ended on or prior to termination and which remains unpaid at the date of termination which shall be payable as soon as, and to the extent that, sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities; and (c) where termination does not occur at 31 December in any year, any performance fee accrued at the date of termination shall be payable as soon as and to the extent that sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

9. OTHER EXPENSES

	2012 TOTAL £	2011 TOTAL £
Brokerage fee	41,697	41,758
Marketing costs	32,557	37,531
Consulting fees	34,836	18,925
Legal and professional fees	25,620	92,916
Investor servicing fee	14,401	22,680
Board meeting expenses	12,767	23,221
Compliance fees	12,068	7,500
Listing fees	10,671	12,920
Other regulatory fees	5,073	-
Insurance fees	3,565	13,841
Guernsey regulatory fees	3,100	13,748
Website expenses	1,241	735
Miscellaneous expenses	16,048	55,161
	213,644	340,936

10. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Deposits at HSBC Bank plc	601,174	1,629,044

11. SHARE CAPITAL

The share capital of the Company on incorporation was represented by an unlimited number of Ordinary Shares of no par value. The Company may issue an unlimited number of shares of a nominal or par value and/or of no par value or a combination of both.

Following the exercise of 107,549 Subscription Shares at the end of March 2012 and 1,923 Subscription Shares at the end of September 2012, the Company has a total of 66,142,533 Ordinary Shares and 13,085,150 Subscription Shares in issue. In addition, the Company has 10,000 Management Ordinary Shares in issue, which are held by the Investment Manager.

The final exercise date for Subscription Shares was 2 April 2013. No Subscription Shares were exercised at this time and the Company is in the process of cancelling all remaining Subscription Shares.
The Ordinary Shares are currently admitted to the Premium Listing segment of the Official List. Following the expiry of the Transitional Provision contained in Listing, Prospectus, Disclosure and Transparency Rules 7of the Listing Rules, effective 1 June 2012 Subscription Shares of no par value are assigned to the Standard Segment of the Official List.

Holders of Ordinary Shares have the right to receive notice of and to attend and vote at general meetings of the Company. Each holder of Ordinary Shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of Ordinary Shares present in person or by proxy will have one vote for each Ordinary Share held by him.

Holders of Management Ordinary Shares have the right to receive notice of and to attend and vote at general meetings of the Company, except that the holders of Management Ordinary Shares are not entitled to vote on any resolution relating to certain specific matters, including a material change to the Company's investment objective, investment policy or borrowing policy. Each holder of Management Ordinary Shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of Management Ordinary Shares present in person or by proxy will have one vote for each Management Ordinary Share held by him.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

11. SHARE CAPITAL (CONTINUED)

Holders of Ordinary Shares and Management Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein. The Subscription Shares carry no right to any dividend or other distribution by the Company.

The details of issued share capital of the Company are as follows:

	2012	2011
Issued and fully paid share capital		
Ordinary Shares of no par value*	66,152,533	66,033,061
Subscription Shares of no par value	13,085,150	13,194,622

The issue of Ordinary Shares during the year ended 31 December 2012 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2012	66,043,061	13,194,622
Conversion of Subscription Shares	109,472	(109,472)
Balance at 31 December 2012	66,152,533	13,085,150

The issue of Ordinary Shares during the year ended 31 December 2011 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2011	66,040,632	13,197,051
Conversion of Subscription Shares	2,429	(2,429)
Balance at 31 December 2011	66,043,061	13,194,622

** On 9 March 2010, 1 Management Ordinary Share was issued and on 26 March 2010, 9,999 Management Ordinary Shares were issued.*

Capital Management

The Company regards capital as comprising its issued Ordinary Shares and Subscription Shares. The Company does not have any debt that might be regarded as capital. The Company's objectives in managing capital are:

- To safeguard its ability to continue as a going concern and provide returns to shareholders in the form of capital growth over the long-term through a focused, global portfolio consisting principally of the equities or related instruments of natural resources companies;
- To allocate capital to those assets that the Directors consider are most likely to provide the above returns; and
- To manage, so far as is reasonably possible, the discount between the Company's share price and its NAV per Ordinary Share.

As described in the Directors' Report on page 11, the Company does not currently intend to pay dividends or other distributions. Subscription Shareholders had the right to subscribe for Ordinary Shares.

The Directors monitor the extent to which capital has been deployed and the manner in which capital has been invested using, inter alia, sectoral and geographic analyses. The Directors also consider whether the Company should undertake further share issues or arrange buy-backs or other capital management programmes consistent with the above objectives although no such action has been taken so far.

The Company has authority to make market purchases of up to 14.99% of its own Ordinary Shares in issue. A renewal of such authority is sought from Shareholders at each Annual General Meeting of the Company or at a General Meeting of the Company, if required. Any purchases of Ordinary Shares will be made within internal guidelines established from time to time by the Board and within applicable regulations.

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

12. RELATED PARTY TRANSACTIONS

The Directors' interests in the share capital of the Company at both 31 December 2012 and 31 December 2011 were:

	Number of Ordinary Shares	Number of Subscription Shares
Edward Flood	65,000	13,000
Christopher Sherwell	25,000	5,000
Clive Newall	25,000	5,000

Mr Sherwell also has an indirect interest in the shares of the Company through an investment in another fund managed by the Manager.

The Manager, Baker Steel Capital Managers (Cayman) Limited, had an interest in 504,832 Ordinary Shares and 100,876 Subscription Shares at 31 December 2012.

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 10,000 Management Ordinary Shares at 31 December 2012.

13. SUBSEQUENT EVENTS

On 4 January 2013, the Company announced an unaudited NAV for 31 December 2012 of 109.1 pence per share.

In January 2013, the Company’s investment in Copperbelt Minerals was realised for £ 3,282,589 resulting in a gain of £1,680,075 compared to the year end valuation. Although the sale of Copperbelt’s project to Gecamines had been agreed during 2012, at 31 December 2012 the Company considered that it was not sufficiently certain to be completed given previous uncompleted transactions on the project. Accordingly, the potential uplift in the carrying value was not reflected at the year end.

The final exercise date for Subscription Shares was 2 April 2013. No Subscription Shares were exercised at this time and the Company is in the process of cancelling all remaining Subscription Shares.

14. APPROVAL OF ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Annual Report and Audited Financial Statements for the year end 31 December 2012 were approved by the Board of Directors on 19 April 2013.

GLOSSARY OF TERMS

4PE – Platinum, Palladium, Gold and Rhodium

DRC – Democratic Republic of Congo

GFSC – Guernsey Financial Services Commission

IPO – Initial Public Offering (stock market launch).

JORC – Australasian Joint Ore Reserves Committee
The Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) of the Australasian Joint Ore Reserves Committee (JORC) is widely accepted as a standard for professional reporting of mineral resources and ore reserves. Mineral resources are classified as 'inferred', 'indicated' or 'measured', while ore reserves are either 'probable' or 'proven'.

NI 43-101 – Canadian National Instrument 43-101
Canadian National Instrument 43-101 is a mineral resource classification instrument which dictates reporting and public disclosure of information in Canada relating to mineral properties.

PGM – Platinum Group Metals – Platinum, Palladium, Rhodium, Iridium, Ruthenium and Osmium

POI Law – Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended

ROM – Run of Mine – Uncrushed ore in its natural state

TSX – Toronto Stock Exchange

BAKER STEEL RESOURCES TRUST LIMITED

(the **"Company")**

(incorporated in Guernsey with registered number: 51576)

NOTICE OF 2013 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2013 Annual General Meeting of the Company will be held at Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF on 7th June 2013 at 09:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolutions

1. That the financial statements of the Company for the period ended 31 December 2012 and the reports of the Directors and the auditors thereon be received and adopted.

2. That the reappointment of Ernst & Young LLP (the "**Auditors**") of 14 New Street, St Peter Port, Guernsey, GY1 4AF as auditors of the Company for the year ended 31 December 2013, be approved and ratified.

3. That Clive Newall, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

4. That Christopher Sherwell, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

5. That Edward Flood, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

6. That the Directors be and are hereby authorised to fix the remuneration of the Auditors for the year ended 31 December 2013.

7. That the maximum remuneration of the Directors for the year ended 31 December 2013 be fixed at an aggregate amount of £200,000.

Dated 25th April 2013
By order of the Board

HSBC Securities Services (Guernsey) Limited
Company Secretary

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and any adjournment thereof and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
2. A form of proxy is attached which, if required, should be completed in accordance with these instructions and the instructions thereon.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

If you do not intend to attend the meeting please complete and return the form of proxy as soon as possible.

4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to different shares or a different class of shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number and class of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares of the relevant class held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
5. The notes to the form of proxy explain how to direct your proxy to vote on each resolution or abstain from voting.

   To appoint a proxy using the form of proxy, the form of proxy must be:
   - completed and signed;
   - sent or delivered to the Company at Capita Registrars, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham Kent, BR3 4TU; and
   - received by the Company's registrars no later than 09:30 am on 5th June 2013.

   In the case of a member which is an individual the form of proxy must be signed under the hand of the appointer or the appointer's attorney duly authorised in writing or in the case of a member which is a company, the form or proxy must be executed either under its common seal or under the hand of an officer or attorney so authorised.

   Any power of attorney or any other authority under which the form of proxy is signed or any instrument appointing a proxy (or a notarially certified copy of such power or authority) must be included with the form of proxy.
6. To change your proxy instructions simply submit a new form of proxy using the methods set out above and in the notes to the form of proxy. Note that the cut-off date and time for receipt of a form of proxy (see above) also apply in relation to amended instructions; any amended form of proxy received after the relevant cut-off date and time will be disregarded.

   Where you have appointed a proxy using the hard-copy form of proxy and would like to change the instructions using another hard-copy form of proxy, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras) or if calling from overseas +44 (0) 20 8639 3399. Lines are open from 9.00 a.m. to 5.30 p.m., Monday to Friday.

   If you submit more than one valid form of proxy, the form received last before the latest time for the receipt of proxies will take precedence.
7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is an individual the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed either under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by the Capita Registrars no later than 09:30 am on 5th June 2013. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

8. Except as provided above, members who have general queries about the meeting should contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras) or if calling from overseas +44 (0) 20 8639 3399. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday.
9. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Company's agent RA10 by 09:30 am on 5th June 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the United Kingdom Uncertificated Securities Regulations 2001. In any case your form of proxy must be received by the Company's registrars no later than 09:30 am on 5th June 2013.
10. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on 5th June 2013. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Upon completion please return the form of proxy to the following address to arrive no later than 09:30 a.m. on 5th June 2013:-

Capita Registrars, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Howard Myles (Chairman) Edward Flood Charles Hansard Clive Newall Christopher Sherwell *all of whom are independent and non-executive directors*
REGISTERED OFFICE:	Arnold House St. Julian's Avenue St. Peter Port Guernsey Channel Islands
MANAGER:	Baker Steel Capital Managers (Cayman) Limited PO Box 309 George Town Grand Cayman KY1-1104 Cayman Islands
INVESTMENT MANAGER:	Baker Steel Capital Managers LLP 86 Jermyn Street London SW1Y 6JD England United Kingdom
BROKERS:	RBC Capital Markets Thames Court 1 Queenhithe London EC4V 3DE United Kingdom Winterflood Securities Limited Cannon Bridge House 25 Dowgate Hill London EC4R 2GA United Kingdom
SOLICITORS TO THE COMPANY: (as to English law)	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS United Kingdom
ADVOCATES TO THE COMPANY: (as to Guernsey law)	Ogier Ogier House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands

MANAGEMENT AND ADMINISTRATION

ADMINISTRATOR & COMPANY SECRETARY:	HSBC Securities Services (Guernsey) Limited Arnold House St. Julian's Avenue St. Peter Port Guernsey GY1 3NF Channel Islands
SUB-ADMINISTRATOR TO THE COMPANY:	HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
CUSTODIAN TO THE COMPANY:	HSBC Institutional Trust Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
AUDITORS:	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF Channel Islands
REGISTRAR:	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey GY2 4JN Channel Islands
PRINCIPAL BANKER:	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom